

## Message Text

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ACTION PM-07

INFO OCT-01 EA-11 ISO-00 L-03 EB-11 COME-00 AID-20 TRSE-00

CIAE-00 INR-10 NSAE-00 RSC-01 IGA-02 MC-02 OMB-01

NSC-07 SP-03 SS-20 ACDA-19 SSO-00 NSCE-00 INRE-00

DRC-01 /119 W

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O 031031Z MAY 74

FM AMEMBASSY MANILA

TO SECSTATE WASHDC IMMEDIATE 3183

INFO SECDEF WASHDC IMMEDIATE

CINCPAC IMMEDIATE

CHJUSMAG PHIL IMMEDIATE

C O N F I D E N T I A L MANILA 5189

E O 11652: GDS

TAGS: MASS, BEXP, RP

SUBJ: US-ASSISTED PHILIPPINE RIFLE MANUFACTURING PROJECT

REF: A) STATE 72725; B) STATE 81620

1. IN MEETING TODAY WITH MISSION AND DOD OFFICIALS, GOP REPRESENTATIVES (LED BY UNDERSECRETARY OF DEFENSE SALIENTES) REQUESTED FOLLOWING MINOR CHANGES IN DRAFT MEMORANDUM OF UNDERSTANDING:

A. TITLE. DELETE WORD "ASSEMBLY" BETWEEN "RIFLE" AND "PROGRAM". PROJECT INVOLVES BOTH ASSEMBLY AND MANUFACTURE AND, FOR PURPOSES OF PHILIPPINE DOMESTIC OPINION, RECOGNITION OF THIS IS USEFUL.

B. FIRST PARAGRAPH PREAMBLE. ADD WORDS "AND MANUFACTURING" BETWEEN "ASSEMBLY" AND "CAPABILITY". SEE PARA 1A.

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C. SECOND PARAGRAPH PREAMBLE. SUBSTITUTE WORD

"RIFLE" FOR "ASSEMBLY". SEE PARA 1A.

D. PARAGRAPH 1 PROGRAM OBJECTIVE. DELETE WORD "ASSEMBLY" BETWEEN "RIFLE" AND "FACILITY". SAME PARAGRAPH. SUBSTITUTE "6-YEAR PERIOD" FOR "5-YEAR PERIOD". COLT-GOP CONTRACT CALLS FOR SIX YEAR PROGRAM WITH SIXTH YEAR DEVOTED TO MANUFACTURE OF SPARES.

E. PARAGRAPH 2 (C) PROGRAM COSTS AND FINANCING. IN THIRD SENTENCE ADD WORDS "DIRECT FMS" BETWEEN "OF" AND "CREDIT".

F. PARAGRAPH 2 (D) PROGRAM COSTS AND FINANCING. SECOND SENTENCE. DELETE FIRST WORD "A" AND ADD WORDS "THE CUSTOMARY" BEFORE "FEE". SAME PARAGRAPH. AMEND LAST SENTENCE TO READ "GUARANTY FEES, THE CUSTOMARY COMMITMENT FEES AND OTHER FEES (IF ANY ETC)".

G. PARAGRAPH 2 (F) PROGRAM COSTS AND FINANCING. INSERT THE FOLLOWING AS FIRST SENTENCE: "IT IS THE INTENTION OF THE USG TO PROVIDE \$8.6 MILLION IN DIRECT FMS CREDIT IN FY 74." SAME PARAGRAPH. ADD WORDS "IN FY 1975" BETWEEN "CREDIT" AND "AS OUTLINED" IN WHAT IS NOW SECOND SENTENCE. GOP WISHES USG COMMITMENT TO FIRST YEAR FINANCING TO BE REFLECTED IN MOU AS WELL AS IN PARALLEL CREDIT AGREEMENT.

H. PARAGRAPH 4(A) PROGRAM IMPLEMENTATION BY THE USG. ADD "(LETTER OF OFFER AND ACCEPTANCE)" FOLLOWING "DD 1513".

I. PARAGRAPH 8 LIAISON OFFICER. DELETE WORD "PRODUCTION" FOLLOWING "M-16 RIFLE" IN FIRST SENTENCE.

2. WE ARE AMENDING PRESENT SIGNATURE BOX TO REFLECT INSTRUCTIONS RECEIVED FOR AMBASSADOR TO SIGN ON BEHALF OF U.S. GOVERNMENT.

3. PHILIPPINE GOVERNMENT WILL PROVIDE EMBASSY UPDATED  
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ANNEXES A AND B TO REFLECT CURRENT ASSEMBLY/PRODUCTION SCHEDULE AND MODIFICATIONS TO PHILIPPINE LOCAL CURRENCY EXPENDITURES.

4. REQUEST APPROVAL THESE CHANGES ON PRIORITY BASIS IN ORDER PRESENT FINAL DRAFT OF MOU TO GOP. COUNTRY TEAM AND DOD REPS OF OPINION THAT MINOR CHANGES SUGGESTED BY GOP STRENGTH MOU AS FAR AS ITS IMPLEMENTATION BY

PHILIPPINES IS CONCERNED.

5. MISSION AND DOD OFFICIALS ALSO BRIEFED GOP REPS  
ON TERMS OF CREDIT AGREEMENT. SALIENTES INDICATED THAT  
FINSEC VIRATA WILL PROBABLY SIGN CREDIT AGREEMENT AND  
WE WILL FOLLOW UP WITH VIRATA EARLY NEXT WEEK.  
SULLIVAN

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ARMS, INDUSTRIAL PLANTS, PROGRAMS (PROJECTS), CREDIT AGREEMENTS, APPROPRIATIONS, MILITARY ASSISTANCE PROGRAMS  
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**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** garlanwa  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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**TAGS:** MASS, BEXP, RP, US  
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**Type:** TE  
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